



Department of Energy
Southwestern Power Administration
One West Third Street
Tulsa, Oklahoma 74103-3519

August 25, 2006

MEMORANDUM FOR THE SECRETARY

THRU: DEPUTY SECRETARY

FROM: MICHAEL A. DEIHL
ADMINISTRATOR

A handwritten signature in purple ink, appearing to read "M. A. Deihl", is written over the printed name of Michael A. Deihl.

SUBJECT: Management Control and Financial Management System
Review

In accordance with the Federal Managers' Financial Integrity Act, I have completed a summary management review of the management controls for Southwestern Power Administration (Southwestern) in effect as of August 15, 2006, with no expected changes to occur through fiscal year end September 30, 2006. The review was performed in conformity with Departmental guidelines and accordingly included a review of whether the management controls comply with underlying management principles which incorporate the Government Accountability Office's (GAO) Standards for Internal Controls in the Federal Government. The review included consideration of the results of audit reports, internal management reviews, assurances from management, and all other known information. In addition, our review considered the areas of environmental management and non-nuclear safety management, and no reportable problems were identified. The results of the review indicate there is reasonable assurance that the management controls were working effectively and that program and administrative functions were performed in an economical and efficient manner consistent with applicable laws; property, funds and other resources were safeguarded against waste, loss, unauthorized use, or misappropriation; obligations and costs were proper; and accountability for assets was maintained. The concept of reasonable assurance recognizes that management controls must be cost effective, and there is always some potential for errors or irregularities to go undetected.

An evaluation of the financial management system for Southwestern has also been conducted in accordance with DOE guidelines. The results of the review indicate that the system generally conforms with Federal financial management systems requirements.